

**UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION**

In re:

CORE SCIENTIFIC, INC., *et al.*,

Debtors.¹

) **Chapter 11**

) **Case No. 22-90341 (DRJ)**

) **(Jointly Administered)**

**VERIFIED STATEMENT OF THE AD HOC GROUP OF SECURED CONVERTIBLE
NOTEHOLDERS PURSUANT TO BANKRUPTCY RULE 2019**

In connection with the chapter 11 cases (the “Chapter 11 Cases”) of the above-captioned debtors in possession (the “Debtors”), Paul Hastings LLP (“Paul Hastings” or “Counsel”) hereby submits this verified statement (the “Verified Statement”) pursuant to Rule 2019 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”) in connection with Paul Hastings’ representation of an ad hoc group of debtor-in-possession financing lenders and secured convertible noteholders, or investment advisors, subadvisors, or managers of discretionary accounts (the “Ad Hoc Group”) that hold (i) loans provided pursuant to that certain Senior Secured Super-Priority Debtor-in-Possession Loan and Security Agreement, dated as of December 22, 2022, as amended, supplemented, amended and restated or otherwise modified from time to time (the “DIP Loans”), (ii) secured convertible notes issued pursuant to that certain Secured Convertible Note Purchase Agreement, dated as of April 19, 2021 (as may be amended, restated,

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, are as follows: Core Scientific Mining LLC (6971); Core Scientific, Inc. (3837); Core Scientific Acquired Mining LLC (N/A); Core Scientific Operating Company (5526); Radar Relay, Inc. (0496); Core Scientific Specialty Mining (Oklahoma) LLC (4327); American Property Acquisition, LLC (0825); Starboard Capital LLC (6677); RADAR LLC (5106); American Property Acquisitions I, LLC (9717); and American Property Acquisitions, VII, LLC (3198). The Debtors’ corporate headquarters and service address is 210 Barton Springs Road, Suite 300, Austin, Texas 78704.

amended and restated, supplemented or otherwise modified from time to time ,and including all related credit documents, and the notes issued thereunder, the “April Secured Convertible Notes”) and/or (iii) secured convertible notes issued pursuant to that certain Secured Convertible Note Purchase Agreement, dated on or about August 20, 2021 (as may be amended, restated, amended and restated, supplemented or otherwise modified from time to time, and including all related credit documents, and the notes issues thereunder, the “August Secured Convertible Notes”, and collectively with the April Secured Convertible Notes, the “Secured Convertible Notes”), each issued by Core Scientific, Inc. (as successor to or assignee of Core Scientific Holdings Co., the “Issuer”). As certified to Counsel by the Ad Hoc Group, each member holds, or are the investment advisors, sub-advisors, or managers for discretionary accounts that hold DIP Loans and Secured Convertible Notes (collectively, the “Debt Holdings”). Certain members of the Ad Hoc Group also hold shares of common stock and/or call options to purchase shares of common stock of Core Scientific, Inc. (the “Equity Holdings”, and together with the Debt Holdings, the “Holdings”). For the avoidance of doubt, Paul Hastings only represents the Ad Hoc Group in connection with each member’s Debt Holdings and does not represent the Ad Hoc Group in connection with any member’s Equity Holdings.

1. On October 30, 2022, certain members of the Ad Hoc Group retained Paul Hastings as counsel in connection with a potential restructuring of the Debtors. Each member of the Ad Hoc Group has consented to Counsel’s representation. Since its formation, certain additional noteholders have joined the Ad Hoc Group.

2. The members of the Ad Hoc Group are either the beneficial holders of, or the investment advisors or managers to, funds and/or accounts that hold disclosable economic interests in relation to the Debtors. In accordance with Bankruptcy Rule 2019, attached hereto as **Exhibit A**

is a list of the names and addresses for each member of the Ad Hoc Group, the amount of the Holdings held by each member of the Ad Hoc Group, as of the Petition Date (as certified to Counsel by each member of the Ad Hoc Group).² The information contained in **Exhibit A** is based upon information provided by the members of the Ad Hoc Group to Counsel and is subject to change.

3. As of the date of this Verified Statement, Counsel represents only the members of the Ad Hoc Group and Wilmington Savings Fund Society, FSB in its capacity as the administrative agent with respect to the DIP Loans and does not represent or purport to represent any persons or entities other than the Ad Hoc Group in connection with the Chapter 11 Cases. In addition, as of the date of this Verified Statement, the Ad Hoc Group, both collectively and through its individual members, does not represent and purport to represent any other persons or entities in connection with the Chapter 11 Cases.

4. The information contained in this Verified Statement and **Exhibit A** attached hereto is intended only to comply with Bankruptcy Rule 2019 and is not intended for any other purpose. Nothing contained herein should be construed as a limitation or waiver of any rights of any member of the Ad Hoc Group, including, without limitation, the right to assert, file and/or amend its claims in accordance with any applicable orders entered in these Chapter 11 Cases.

5. The information contained in **Exhibit A** is based upon information provided by the applicable members of the Ad Hoc Group. Counsel does not make any representation regarding the validity, amount, allowance, or priority of such claims, and reserves all rights with respect thereto. Counsel does not own, nor have they ever owned, any claims against or interests in the

² Certain other funds or accounts managed or advised by affiliates of certain members of the Ad Hoc Group may hold equity or debt in the Debtors. Paul Hastings does not represent such funds in the Chapter 11 Cases, and their debt and equity holdings are not included in **Exhibit A** attached hereto.

Debtors, except for claims for services rendered to the Ad Hoc Group. However, Counsel has sought to have its fees and disbursements paid by the Debtors' estates pursuant to title 11 of the United States Code or as otherwise permitted in the Chapter 11 Cases. The Ad Hoc Group, through Counsel, reserves the right to amend and/or supplement this Verified Statement in accordance with the requirements set forth in Bankruptcy Rule 2019 at any time in the future.

Dated: January 18, 2023
Houston, Texas

Respectfully submitted

/s/ James T. Grogan III

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-and-

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*Counsel to the Ad Hoc Group of Secured Convertible
Noteholders*

Certificate of Service

I certify that on January 18, 2023, I caused a copy of the foregoing document to be served by the Electronic Case Filing System for the United States Bankruptcy Court for the Southern District of Texas.

/s/ James T. Grogan III

James T. Grogan III

Exhibit A³

Entity	Address	Nature and Principal Amount of Holdings ⁴
Apollo Capital Management, L.P.	9 West 57th Street 41st Floor New York, NY 10019	\$22,592,716.74 in aggregate principal amount of April Secured Convertible Notes \$10,924,074.45 in aggregate principal amount of August Secured Convertible Notes \$6,113,719.07 in aggregate principal amount of DIP Loans and Commitments
Certain funds and/or accounts, or subsidiaries of such funds and/or accounts, managed, advised or controlled by BlackRock Financial Management, Inc., or an affiliate thereof ⁵	40 East 52nd Street New York, NY 10022	\$38,234,260.58 in aggregate principal amount of August Secured Convertible Notes \$17,000,000.00 in aggregate principal amount of DIP Loans and Commitments

³ Amounts listed on this **Exhibit A** represent aggregate interests held by, or held by funds or accounts managed or advised by, the listed entities or their respective affiliates solely to the extent such entities are members of the Ad Hoc Group. Amounts listed on this **Exhibit A** do not include any claims for, without limitation, fees, expenses, premiums, make-wholes or indemnification that may be owing under any indenture, credit agreement or other instrument.

⁴ Amounts listed with respect to the April Secured Convertible Notes include (i) accrued paid in kind (“PIK”) interest, (ii) accrued cash interest, and (iii) accreted original issue discount, in each case, through the Petition Date. Amounts listed with respect to the August Secured Convertible Notes include (i) accrued PIK interest, and (ii) accrued cash interest, in each case, through the Petition Date.

⁵ Certain other funds and accounts managed or advised by affiliates of BlackRock Financial Management, Inc. may hold equity or debt in the Debtors. Paul Hastings does not represent these funds with respect to such holdings.

Entity	Address	Nature and Principal Amount of Holdings ⁴
Corbin Capital Partners, L.P.	590 Madison Avenue Suite 3101 New York, NY 10022	\$15,293,704.23 in aggregate principal amount of August Secured Convertible Notes \$4,500,769.92 in aggregate principal amount of DIP Loans and Commitments
Gullane Capital, LLC	640 S Perkins Rd Memphis, TN 38117	\$62,363,606.38 in aggregate principal amount of August Secured Convertible Notes 4,270,134 shares of common stock 291,700 shares of common stock may be purchased pursuant to call options
Ibex Investors LLC	260 N. Josephine St Third Floor Denver, CO 80206	\$97,901,772.52 in aggregate principal amount of April Secured Convertible Notes \$10,150,000.00 in aggregate principal amount of DIP Loans and Commitments
ICG Advisors, LLC	11111 Santa Monica Blvd., Suite 2100 Los Angeles, CA 90025	\$61,753,425.74 in aggregate principal amount of April Secured Convertible Notes
Jordan Park Group LLC	100 Pine Street Suite 2600 San Francisco, CA 94111	\$31,133,612.18 in aggregate principal amount of August Secured Convertible Notes \$6,000,000.00 in aggregate principal amount of DIP Loans and Commitments

Entity	Address	Nature and Principal Amount of Holdings ⁴
Kensico Capital Management Corp.	55 Railroad Avenue 2nd Floor Greenwich, CT 06830	\$37,654,527.89 in aggregate principal amount of April Secured Convertible Notes \$4,369,629.78 in aggregate principal amount of August Secured Convertible Notes ⁶
Marsico AXS CS LLC	5251 DTC Parkway Suite 410 Greenwood Village, CO 80111	\$23,557,623.45 in aggregate principal amount of August Secured Convertible Notes
Massachusetts Mutual Life Insurance Company ⁷	10 Fan Pier Blvd. Boston, MA 02210	\$43,696,297.80 in aggregate principal amount of August Secured Convertible Notes \$12,859,342.64 in aggregate principal amount of DIP Loans and Commitments
Sabby Volatility Warrant Master Fund, Ltd.	c/o Sabby Management, LLC 115 Hidden Hills Dr. Spicewood, TX 78669	\$2,731,018.61 in aggregate principal amount of August Secured Convertible Notes \$393,275.18 in aggregate principal amount of DIP Loans and Commitments
Toroso Investments, LLC	898 N. Broadway Massapequa, NY 11758	\$28,948,797.29 in aggregate principal amount of August Secured Convertible Notes

⁶ Such amount is beneficially owned through a personal account of a co-principal of Kensico Capital Management Corp.

⁷ Certain affiliates of Massachusetts Mutual Life Insurance Company-provided equipment financing to the Debtors. Paul Hastings does not represent any such affiliates of Massachusetts Mutual Life Insurance Company in its capacity as an equipment financing lender to the Debtors in connection with the Chapter 11 Cases.